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PROBABLE FRENCH REACTION TO FALL OF DI

BIEN PHU.

I. Assembly pressure for immediate negotiated settlement with Ho would assume critical proportions.

- II. In any event, greatly increased demand for solution at Geneva.
  - 1. Greater pressure for American concessions to Communist China/because French military position weaker.
- III. Intensified pressure for UN or US military intervention, if Geneva fails
- IV. Some qualified American observers

  expect Laniel to fall immediately if

  Dien Bien Phu is lost, because of

  pressures listed above.
- V. Nevertheless, Laniel government would probably survive because:
  - 1. Imminence of Geneva talks
    - a. Laniel bluffed assembly before

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## SECRET

Berlin conference on threat

of difficulty in forming

new government.

- b. Thereex shex most sheddardshex shows and second statement shows and sheddardshex sheddard
- 2. Present pro-EDC majority in

  Assembly would try to retain Lan's line beliefing it impossible to form

  government if Laniel falls now.
- 3. Fall of Laniel could precipitate elections under 18-month clause in constitution.

Hope of solution at Geneva definite in comparison with pre-Berlin situation.

- Vietnamese fears of ultimate
  Communist victory will be
  sharply aggravated by fall of
  French strongpoint.
  - Reaction will be compounded by knowledge of effect of loss in France.
  - 2. Supporters of Bao Dai government will diminish to negligible group.
  - 3. Anti-Communist Vietnamese look to US as only effective source of support.